TAI-I INTERNATIONAL HOLDINGS LIMITED
台一國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1808)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

ANNUAL RESULTS

The board of directors (the "Board") of Tai-I International Holdings Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2007 (the "Period"), together with the comparative figures for the corresponding period as follows.

Consolidated Income Statement
For the year ended 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
Turnover	5	**6,488,376**	7,077,910
Cost of sales		**(6,357,954)**	(6,856,339)
Gross profit		**130,422**	221,571
Other revenue	6	**23,664**	13,506
Other net income	7	**156,362**	36,975
Distribution expenses		**(22,455)**	(19,781)
General and administrative expenses		**(46,321)**	(23,210)
Other operating expenses		**(3,787)**	(5,038)
Profit from operations		**237,885**	224,023
Finance costs	8(i)	**(112,283)**	(96,969)
Share of loss of associate		**(1,260)**	–
Profit before taxation	8	**124,342**	127,054
Income tax expenses	9(i)	**(12,837)**	(6,256)
Profit for the year		**111,505**	120,798
Attributable to:			
– Equity holders of the Company		**111,505**	79,480
– Minority interests		**–**	41,313
Profit for the year		**111,505**	120,798
Dividends payable to equity holders of the Company attributable to the year			
Final dividend proposed after the balance sheet date	10	**32,400**	–
Basic and diluted earnings per share (RMB)	11	**0.19**	0.18

Consolidated Balance Sheet
At 31 December 2007

	Notes	2007 RMB'000	2006 RMB'000
Non-current assets			
Property, plant and equipment		**464,875**	480,693
Lease prepayments		**33,020**	33,858
Interest in associate		**38,779**	–
		536,674	514,551
Current assets			
Inventories		**345,551**	326,045
Trade and other receivables	*12*	**1,338,989**	1,474,691
Derivative financial instruments		**87,803**	–
Pledged deposits		**875,178**	1,127,218
Time deposits		**209,907**	–
Cash and cash equivalents		**340,295**	182,399
		3,197,723	3,110,353
Current liabilities			
Bank loans		**1,395,899**	1,790,727
Trade and other payables	*13*	**1,457,997**	1,288,076
Derivative financial instruments		**38,844**	1,202
Income tax payable		**1,714**	1,343
		2,894,454	3,081,348
Net current assets		**303,269**	29,005
Total assets less current liabilities		**839,943**	543,556
Non-current liabilities			
Bank loans		–	40,000
Deferred tax liabilities		**6,598**	–
		6,598	40,000
NET ASSETS		**833,345**	503,556
Capital and reserves			
Share capital		**6,000**	–
Reserves		**827,345**	503,556
Total equity		**833,345**	503,556

NOTES

1. Review of annual results

The annual results for the year ended 31 December 2007 have been reviewed by the Audit Committee of the Company ("Audit Committee").

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2007 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amount set out in the Group's audited financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the Company's auditors on this announcement.

2. Company background and basis of presentation

(a) The Company and the Reorganisation

The Company was incorporated in the Cayman Islands on 20 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to a reorganisation ("the Reorganisation") of the Company and its subsidiaries (the "Group") which was completed on 16 August 2006 to rationalise the Group's structure in preparation for the public listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited ("the Stock Exchange"), the Company became the holding company of the subsidiaries comprising the Group. The shares of the Company were listed on the Stock Exchange on 11 January 2007.

Details of the Reorganisation are set out in the prospectus of the Company dated 28 December 2006.

The principal activities of the Group are the manufacturing and sale of bare copper wires and magnet wires and provision of processing services.

(b) Basis of presentation

The Group is regarded as a continuing entity resulting from the Reorganisation since all of the entities which took part in the Reorganisation were controlled by the same group of ultimate equity holders, through their interests in Tai-I International Development Pte. Ltd., Tai-I International (Singapore) Pte. Ltd. and Tai-I International (BVI) Limited (referred to as "the controlling equity holders") before and after the Reorganisation and, consequently, there was a continuation of the risks and benefits to the controlling equity holders. Accordingly, the consolidated financial statements have been prepared on the basis of merger accounting in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants as if the Group had always been in existence.

A business combination involving entities or businesses under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. For business combinations involving entities under common control, merger accounting is adopted. In applying merger accounting, financial statement items of the combining entities or businesses for the reporting period in which the common control combination occurs, and for any comparative period disclosed, are included in the consolidated financial statements of the combined entity as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party or parties.

The results of the Group for the two years ended 31 December 2007 include the results of the Company and its subsidiaries with effect from 1 January 2006 or since their respective dates of incorporation, whichever is a shorter period. All material intra-group transactions and balances have been eliminated on consolidation. In the opinion of the Board, the consolidated financial statements prepared on this basis present fairly the results of operations and state of affairs of the Group as a whole.

3. Changes in accounting policies

The International Accounting Standards Board ("IABS") has issued a number of new and revised International Financial Reporting Standards ("IFRSs") and Interpretations that are first effective or available for early adoption for the current accounting period of the Group and the Company.

There have been no significant changes to the accounting policies applied in these financial statements for the years presented as a result of these developments. However, as a result of the adoption of IFRS 7 "Financial instruments: Disclosure" and the amendment to International Accounting Standards ("IAS") 1 "Presentation of financial statements: Capital disclosures", there have been some additional disclosure provided as follows:

As a result of the adoption of IFRS 7, the financial statement include expanded disclosure about the significance of the Group's financial instruments and the nature and extent of risks arising from those instruments, compared with the information previously required to be disclosed by IAS 32 "Financial instruments: Disclosure and presentation".

The amendment to IAS 1 introduces additional disclosure requirements to provide information about the level of capital and the Group's and the Company's objectives, policies and processes for managing capital.

Both IFRS 7 and the amendment to IAS 1 do not have any material impact on the classification, recognition and measurement of the amounts recognised in the financial instruments.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. Up to the date of issuance of the consolidated financial statements, the Group believes that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

4. Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The Group's operation is regarded as a single segment, being an enterprise engaged in the manufacturing and sale of bare copper wires and magnet wires and providing processing services. In addition, analysis of the Group's turnover and results as well as analysis of the Group's carrying amount of segment assets additions to property, plant and equipment by geographical market has not been presented as over 90% of the sales are generated from the PRC market.

5. Turnover

The principal activities of the Group are the manufacturing and sale of bare copper wires and magnet wires and provision of processing services.

The amount of each significant category of revenue recognised during the Period is as follows:

	2007	2006
	RMB'000	*RMB'000*
Sales of bare copper wires	**4,161,131**	5,101,350
Sales of magnet wires	**2,305,638**	1,971,482
Processing services	**21,607**	5,078
	6,488,376	7,077,910

The Group's operations are mostly located in the PRC. During the Period, a substantial portion of the Group's products were sold to its customers for further processing and eventual export to overseas countries.

6. Other revenue

	2007	2006
	RMB'000	*RMB'000*
Interest income	**23,028**	13,457
Other	**636**	49
	23,664	13,506

7. Other net income

	2007	2006
	RMB'000	*RMB'000*
Net exchange gain	**10,117**	17,164
Gain on sales of scrap materials	**4,275**	3,270
Loss on disposal of property, plant and equipment	**(1,160)**	(1,448)
Net gain on derivative financial instruments		
– Copper futures contracts	**87,563**	17,989
– Foreign exchange forward contracts	**52,987**	–
Others	**2,580**	–
	156,362	36,975

8. Profit before taxation

Profit before taxation is arrived at after charging:

(i) Finance costs

	2007	2006
	RMB'000	*RMB'000*
Interest expense	**104,183**	84,735
Letter of credit charges	**8,100**	10,764
Interest paid and payable to related companies	**–**	1,470
Total borrowing costs	**112,283**	96,969

(ii) Staff costs

	2007	2006
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**45,368**	38,045
Contributions to defined contribution retirement schemes	**3,290**	2,814
	48,658	40,859

(iii) Other items

	2007	2006
	RMB'000	*RMB'000*
Cost of inventories #	**6,357,954**	6,856,339
Auditors' remuneration – audit services	**1,551**	904
Depreciation #	**30,717**	30,483
Amortisation of lease prepayments #	**838**	837
Impairment losses for doubtful debts	**14,485**	–
Operating leases charges in respect of properties	**1,560**	1,310

Cost of inventories includes RMB68,741,000 for the year ended 31 December 2007 (2006: RMB63,165,000), relating to staff costs, depreciation and amortisation of lease prepayments, which amount is also included in the respective total amounts disclosed separately above and in note 8(ii) for each of these types of expenses.

9. Income tax expenses

(i) Income tax expense in the consolidated income statement represents:

	2007	2006
	RMB'000	*RMB'000*
Current tax-PRC		
Provision for the year	**6,239**	6,256
Deferred tax		
Origination and reversal of temporary differences	**6,598**	–
	12,837	6,256

No provision has been made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax during the year.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Pursuant to the approvals obtained from the relevant PRC tax authorities, being production oriented enterprises established in an Economic and Technological Zone, Tai-I Jiang Corp (Guangzhou) Co., Ltd. ("Tai-I Jiang Corp") and Tai-I Copper (Guangzhou) Co., Ltd. ("Tai-I Copper") are entitled to a preferential income tax rate of 15% and are entitled to a tax concession period in which they are fully exempted from PRC income tax for two years commencing from their first profit-making year (after offset of tax lossed brought forward), followed by a 50% reduction in PRC income tax for the next three years.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the Corporate Income Tax Law of the People's Republic of China ("the new tax law") which will take effect on 1 January 2008. The new tax law adopts a uniform tax rate of 25% for all enterprises including foreign investment enterprises. According to the new tax law and Circular Guofa 2007 No. 39 "Notice on Corporate Income Tax Rate for the Transitional Period", the income tax rate applicable to Tai-I Jiang Corp and Tai-I Copper will increase from 15% to 25% over a five year transitional period, being 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% from 2012.

The first profit-making year of Tai-I Jiang Corp is 2005 and Tai-I Jiang Corp is exempted from PRC income tax for the years 2005 and 2006. Tai-I Jiang Corp is entitled to a 50% income tax reduction for the next three years and hence subject to PRC income tax at 7.5%, 9% and 10% for the years 2007, 2008 and 2009 respectively.

The first profit-making year of Tai-I Copper is 2004 and Tai-I Copper is exempted from PRC income tax for the years 2004 and 2005. Tai-I Copper is entitled to a 50% income tax reduction for the next three years and hence subject to PRC income tax at 7.5%, 7.5% and 9% for the years 2006, 2007 and 2008 respectively.

The new tax rate was considered to determine the Group's deferred tax, assets and liabilities as at 31 December 2007. The enactment of this new tax law has no financial effect on the amounts accrued in the consolidated balance sheets in respect of current tax payable.

9. Income tax expenses (continued)

(ii) Reconciliation between income tax expenses and accounting profit at applicable tax rates:

	2007 *RMB'000*	2006 *RMB'000*
Profit before taxation	**124,342**	127,054
Notional tax on profit before tax, calculated at the rate applicable to the Group's profits in the tax jurisdiction concerned (15%)	**(18,651)**	(19,058)
Effect of non-deductible expense	**(7,158)**	–
Effect of tax concessions	**12,972**	12,802
	(12,837)	(6,256)

(iii) Taxation in the consolidated balance sheet represents:

	2007 *RMB'000*	2006 *RMB'000*
At 1 January	**1,343**	–
Provision for income tax for the year	**6,239**	6,256
Amounts paid	**(5,868)**	(4,913)
At 31 December	**1,714**	1,343

10. Dividends

	2007 *RMB'000*	2006 *RMB'000*
Final dividend proposed after the balance sheet date of HK$6 cents (RMB equivalent 5.4 cents) per share (2006: Nil)	**32,400**	–

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

11. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share for the year ended 31 December 2007 is based on the profit attributable to equity holders of the Company of RMB 111,505,000 (2006: RMB 79,480,000) and the weighted average of 587,671,233 (2006: 450,000,000) shares in issue during the period, calculated as follows:

	2007	2006
	Number of shares	*Number of shares*
Ordinary shares issued at 1 January	**450,000,000**	1
Issuance of shares upon the Reorganisation	**–**	9,999
Capitalisation issue	**–**	449,990,000
Effect of issuance of share for placing and public offering	**137,671,233**	–
Weighted average number of shares at 31 December	**587,671,233**	450,000,000

The weighted average number of shares in issue during the year ended 31 December 2006 represents the 450,000,000 shares in issue before the listing of the Company's shares on the Stock Exchange on 11 January 2007, as if such shares had been outstanding during the above entire year.

There were no dilutive potential ordinary shares in issue as at 31 December 2007 (2006: Nil).

12. Trade and other receivables

		2007	2006
		RMB'000	*RMB'000*
Trade receivables	*(i)*	**859,838**	935,073
Bills receivable	*(i)*	**247,915**	237,937
		1,107,753	1,173,010
Deposits and prepayments made to suppliers		**136,983**	195,487
Other receivables		**65,376**	54,167
Deposits for derivative financial instruments	*(ii)*	**28,877**	52,027
		1,338,989	1,474,691

All of the trade and other receivables are expected to recovered within one year.

12. Trade and other receivables (continued)

(i) Included in trade and other receivables are trade receivables and bills receivable with the following ageing analysis as of the balance sheet date:

Invoice date:	**2007** *RMB'000*	2006 *RMB'000*
Within 1 month	**712,977**	695,798
Over 1 month but less than 3 months	**270,997**	343,246
Over 3 months but less than 1 year	**117,217**	129,700
Over 1 year but less than 2 years	**17,643**	4,263
Over 2 years	**3,404**	3
	1,122,238	1,173,010
Less: Impairment losses for doubtful debts	**(14,485)**	–
	1,107,753	1,173,010

During the year, credit terms granted to customers of bare copper wire were different from those granted to customers of magnet wire. Customers of bare copper wire were usually required to settle the payment in full prior to delivery or at each month end. For customers of magnet wire, credit terms granted ranged from 30 days to 60 days. The credit terms granted to each customer vary depending on the customers' relationship with the Group, its creditworthiness and settlement record.

(ii) The Group has placed deposits with futures agents for copper futures contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in copper commodities.

13. Trade and other payables

		2007 *RMB'000*	2006 *RMB'000*
Trade creditors	*(i)*	**1,068,409**	1,031,913
Bills payable	*(ii)*	**310,966**	178,778
		1,379,375	1,210,691
Non-trade payables and accrued expenses		**73,521**	70,280
Other taxes payable		**5,101**	7,105
		1,457,997	1,288,076

13. Trade and other payables (continued)

All of the trade and other payables are expected to be settled within one year.

Included in trade and other payables are trade creditors and bills payables with the following ageing analysis as of the balance sheet date:

	2007	2006
	RMB'000	*RMB'000*
Due within 3 months or on demand	**1,220,886**	1,030,816
Due after 3 months but within 6 months	**158,139**	179,792
Due after 6 months but within 1 year	**184**	–
Due after 1 year but within 2 years	**166**	11
	1,379,375	1,210,619

(i) Certain letters of credit issued for the settlement of trade creditors were secured by pledged deposits. As at 31 December 2007, outstanding letters of credit included in trade creditors amounted to RMB759,475,000 (2006: RMB 961,316,000).

(ii) Certain bills payable outstanding as at 31 December 2007 were secured by the Group's machinery, equipment and tools with carrying amounts of RMB 183,978,000 (2006: RMB197,831,000).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover

For the year ended 31 December 2007, the revenue of the Group amounted to approximately RMB6,488,376,000 (2006: RMB7,077,910,000), a decrease of approximately 8.3% as compared to the previous year. The revenue of magnet wires increased by approximately RMB334,156,000, while the revenue of bare copper wires decreased by approximately RMB940,219,000. However the revenue of processing services increased by approximately 325.5%.

The revenue of the Group decreased because the Group increase the processing services volume of bare copper wire. And a part of the Group's bare copper wire products has been consumed by the Group in its production of magnet wire products. The change of business structure resulted in decrease of revenue. However, the sales volume of magnet wire rose from 33,230 tonnes in 2006 to 36,920 tonnes in 2007 and the processing services volume of bare copper wire rose from 10,305 tonnes in 2006 to 38,836 tonnes in 2007.

Gross Profit

For the year ended 31 December 2007, gross profit decreased by 41.1% from approximately RMB221,571,000 in 2006 to approximately RMB130,422,000 in 2007. Gross profit of magnet wires decreased by approximately RMB48,780,000, while that of bare copper wires decreased by approximately RMB32,237,000.

The price of copper had experienced huge fluctuations in 2007. The Group uses commodity futures contracts to hedge its exposure against copper price fluctuations and offset the reduction of gross profit. While effective portion of gains on commodity futures contracts was recorded in the cost of sales, the ineffective portion of gains on commodity futures contracts was recorded in other net income amounted to approximately RMB87,563,000 in 2007 (2006: RMB17,989,000).

Other Net Income

The Group recorded other net income of approximately RMB156,362,000 in 2007, compared with the other net income of approximately RMB36,975,000 in 2006. The other net income was primarily due to net gain on derivative financial instruments of approximately RMB140,550,000 (2006: RMB17,989,000). The gain on derivative financial instruments increased from (a) net gain on copper futures contracts and (b) net gain on foreign exchange forward contracts. Net gain on copper futures contracts of approximately RMB87,563,000 (2006: RMB17,989,000). The Group uses commodity futures contracts to hedge its exposure against copper price fluctuations. Net gain on foreign exchange forward contracts of approximately RMB52,987,000 (2006: Nil). The Group uses foreign exchange forward contracts to hedge the exchange rate risk as a result of continous appreciation of RMB.

Finance Costs

Finance costs increased by approximately RMB15,314,000 from approximately RMB96,969,000 in 2006 to approximately RMB112,283,000 in 2007. The increase was due to an increase of approximately RMB19,448,000 in interest expenses for discounting bills receivables or letters of credit and commercial bills issued and subsequently converted to short-term trust receipt loans, which was in line with the increase in purchase of copper cathodes.

Profit for the Year

Profit for the year decreased by 7.69% from approximately RMB120,798,000 in 2006 to approximately RMB111,505,000 in 2007. Profit attributable to equity holders of the Company increased by 40.29% from approximately RMB79,480,000 in 2006 to approximately RMB111,505,000 in 2007.

Proposed Final Dividend

The Board has proposed a final dividend of HK 6 cents per ordinary share for the year ended 31 December 2007. It is expected that the proposed final dividend paid out as a result of the operation of 2007 amounted to HK 6 cents per ordinary share, or approximately HKD36,000,000 in total.

Return on Shareholders' Equity

For the year ended 31 December 2007, the Group achieved a profit for the year of RMB111,505,000 (2006: RMB120,798,000) and a return on shareholders' equity of 16.68% (2006: 27.26%), shareholders' return on shareholders' equity decreased by 10.58 basic point from last year.

Liquidity and Financial Resources

As at 31 December 2007, total equity attributable to equity holders of the Company amounted to approximately RMB833,345,000, increased by approximately 65% from approximately RMB503,556,000 as at 31 December 2006. Net asset value per ordinary share as at 31 December 2007 was approximately RMB1.39, calculated based on 600,000,000 ordinary shares, increased by 24.1% from RMB1.12 as at 31 December 2006. Net cash generated from operating activities for 2007 amounted to approximately RMB564,031,000, increased significantly by 1.6 times as compared to that for 2006. The strong current cash flow generated by the activities of the Group ensures a stable financial position for the Group.

Short-term borrowings decreased to approximately RMB1,395,899,000 as at 31 December 2007 from approximately RMB 1,790,727,000 as at 31 December 2006, representing a decrease of 22.05%. Pledged deposits placed for the issuance of letters of credit and commercial bills in relation to the purchases of copper cathodes amounted to approximately RMB875,178,000 as at 31 December 2007, decreased by approximately 22.36% as compared to those as at 31 December 2006. In 2007, deposits amounting to 30% or 35% of the amount covered by the relevant letters of credit were required by the banks for the issuance of letters of credit.

Foreign Exchange

Revenue of the Group is primarily denominated in Renminbi, US dollar and HK dollar while in purchase of the Group is primarily denominated in Renminbi and US dollar. The Group uses foreign exchange forward contracts to hedge against certain foreign exchange exposures.

Pledge of Assets

The carrying amount of assets pledged to secure bank loans and certain letters of credit and commercial bills is summarised as follows:

	As at 31 December		
	2007	**2006**	
	RMB'000	*RMB'000*	**Purpose**
Assets			
Buildings	**91,621**	93,761	Bank loans
Land use rights	**33,020**	33,858	Bank loans
Inventories	–	218,010	Bank loans, letters of credit and commercial bills
Bank deposits	**875,178**	1,127,218	Letters of credit and commercial bills
Machinery, equipment and tools	**183,978**	197,831	Letters of credit and commercial bills
Total	**1,183,797**	1,670,678	

Use of proceeds

The proceeds from the issuance of new shares by the Company in January 2007, net of listing expenses, were approximately HKD220,762,000. As at 31 December 2007, the net proceeds were utilised in the following manner:

	Per prospectus	**Amount Utilised**	**Balance as at 31 December 2007**
	HKD'000	***HKD'000***	***HKD'000***
Expansion of production capacity of the Group, of which:			
• Upgrading of existing production facilities	**18,544**	**18,544**	–
• Acquisition of new production facilities or related businesses	**136,142**	**45,009**	**91,133**
Repayment of short-term borrowings	**44,000**	**44,000**	–
General working capital	**22,076**	**22,076**	–
Total	**220,762**	**129,629**	**91,133**

The unutilised balance was placed in short-term deposits with banks and financial institutions.

Capital Structure

The Group adopts a prudent treasury policy, and its net debt-to-adjusted capital ratio (calculated as bank loans less pledged deposits and cash and cash equivalent plus unaccrued proposed dividend then divided by adjusted capital) as at 31 December 2007 was 27% (2006: 103%). The current ratio (calculated as current assets divided by current liabilities) as at 31 December 2007 was 110.48% (2006: 100.94%). The Group continued to monitor stringent debt collection policy so as to minimise the risks of sales on credit and to ensure that funds are timely collected.

Capital Expenditure

The Group main expenditures were for the acquisition of properties, plant and equipment. The following table shows the Group`s capital expenditures for 2007 and 2006:

	For the year ended 31 December	
	2007	2006
	RMB'000	*RMB'000*
Buildings	**446**	1,415
Machinery, equipment and tools	**10,145**	17,247
Dies and moulds	**3,307**	4,931
Motor vehicles and other fixed assets	**2,161**	2,575
Construction in progress	**67**	2,322
	16,126	28,490

In 2007, production equipment and technology was upgraded.

Material Acquisitions

One of the Group's major operating subsidiary, Tai-I Copper Ltd has entered into a sale and purchase agreement with an independent third party to acquire a 30% equity interest in JCC-Taiyi Special Electric Materials Co., Ltd (江西省江銅－台意特種電工材料有限公司) at a total consideration of US$5,292,000 in cash. Details of this acquisition were set out in the circular of the Company dated 18 June 2007.

Commitments

As at 31 December 2007, the total future minimum lease payments under non-cancellable operating leases in respect of property are payable as follows:

	The Group	
	2007	2006
	RMB'000	*RMB'000*
Less than one year	**1,490**	1,310
Between one and two years	**47**	–
Between two and three years	**23**	–
	1,560	1,310

The Group leased a number of properties under operating lease during the year. None of the leases includes contingent rentals.

Contingent liabilities

As at 31 December 2007, there were no significant contingent liabilities.

BUSINESS REVIEW

The growth of GDP in 2007 was 11.4%, an increase of 10.5% as compared to that in 2006. As the growth rate of GDP was maintained at a high level of 10%, growth of GDP in China had been the driving force for the demand of copper products in China (the People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan). According to the International Copper Research Report, it is estimated that the growth of copper usage for the coming five years in China may maintain the trend of high growth rate. The Group is located in a steadily growing market in China, which is well positioned geographically. We will adjust the regions of sales according to the market demand and supply. In 2007, the Group's weighting of sales within and outside China (including indirect and direct exports) was 36.48%:63.52%. When comparing with the weighting of sales within and outside China in 2006 of 26.98%:73.02%, the weighting of sales within China was increased substantially. Profitability of the enterprises were enhanced, and will continue to maintain a steadily growing profitability.

The sales volume and revenue of magnet wire by the Group in 2007 continued to grow. Sales volume increased from 33,230 tonnes in 2006 to 36,920 tonnes in 2007, an increase of 11.10%. Revenue also increased from RMB1,971.5 million in 2006 to RMB2,305.6 million in 2007, an increase of 16.95%.

In view of the continuous increase in demand for copper wires in China, and in view of the growth in domestic demand in China, the weighting for the Group's bare copper wire sales within:outside China was 37.51%:62.49% in 2007. The weighting of sales within:outside China was 24.23%:75.77% in 2006. The significant increase in weighting of sales outside China improved the profitability of the enterprise.

EMPLOYEES

As at 31 December 2007, the number of full time employees of the Group was 1,393 (31 December 2006: 1,250). There have been no significant changes in the employment, training or development polices of the Group since last year. Employee remuneration is determined on performance, experience and prevailing market conditions, with compensation policies being reviewed on a regular basis.

For the year ended 31 December 2007, total staff cost for the year was approximately RMB48,658,000, of which contributions to defined contribution retirement schemes were approximately RMB3,290,000. The Group has been able to retain and motivate outstanding technological and management talents through remuneration at a competitive level, as well as training and development plans.

BUSINESS OUTLOOK

Looking forward in 2008, the Group will continue to improve its business operation, so as to further raise its capacity and utilisation rate, increase sales and optimize its production composition. We will reduce production costs and enhance income from processing service. We will also leverage on our outstanding technological as well as research capabilities to further develop products demanded in the market. This will ensure that we will sustain good competitive edges under the ever-evolving external environment. In addition, we will continue to leverage on our edge in vertical integration as well as the experiences accumulated in the related industries for the past years, and tap into new business horizon when opportunities arise. The Group will continue to devote its best endeavours in the pursuit of more abundant return to the shareholders.

PROPOSED FINAL DIVIDEND

The Board has proposed a final dividend of HK 6 cents per ordinary share for the year ended 31 December 2007. It is expected that the proposed final dividend paid out as a result of the operation of 2007 amounted to HK 6 cents per ordinary share, or approximately HKD36,000,000 in total. The Directors recommended the proposed final dividend for the year ended 31 December 2007 to be paid on or about 12 June 2008 to the shareholders whose names appear on the register of members of the Company on 15 May 2008.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 9 May 2008 to Thursday, 15 May 2008, both dates inclusive, during which period no transfers of shares will be effected. In order to qualify for the proposed final dividend and to attend and to vote at the annual general meeting of the Company to be held on 15 May 2008, all properly completed transfer form(s) accompanied by the relevant share certificate(s) must be lodged with the Company's Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 May 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the twelve months ended 31 December 2007.

CORPORATE GOVERNANCE

Compliance with the Code on Corporate Governance Practices (the "Code") of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules")

The Board is committed to maintaining and ensuring high standards of corporate governance practices. The Board emphases on maintaining a quality Board with balance of skill set of directors, better transparency and effective accountability system in order to enhance shareholders' value. In the opinion of the directors, the Company had during the period complied with all the applicable code provisions of the Code as set out in Appendix 14 to the Listing Rules.

Compliance with model code for securities transactions by directors of listed issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the code of conduct regarding directors' securities transactions.

Specific enquiry has been made to all Directors, who have confirmed that they had complied with the required standard set out in the Model Code for the Period.

Audit Committee

The Audit Committee is responsible for assisting the Board in safeguarding the Group's assets by providing as independent review of the effectiveness of the financial reporting process and the internal controls and risk management systems of the Group. It also performs other duties as assigned by the Board.

All the members of the Audit Committee are independent non-executive Directors.

PUBLICATION OF FINANCIAL INFORMATION

This preliminary results announcement and the annual report will be dispatched to the shareholders at the appropriate time and will be at the same be published on the Stock Exchange's website (*www.hkex.com.hk*) as well as the Company's website (*www.tai-i-int.com*).

On behalf of the Board
Tai-I International Holdings Limited
Huang Cheng-Roang
Chairman

Hong Kong,11 April 2008

As at the date of this announcement, (a) the executive Directors are Mr. Huang Cheng-Roang, Vincent, Mr. Lin Chi-Ta, Mr. Du Chi-Ting, and Mr. Huang Kuo-Feng; (b) the independent non-executive Directors are Mr. Tsay Yang Tzong, Mr. Kang Jung-Pao, Mr. Cheng Yang-Yi, Mr. Atsushi Kanayama and Mr. Yan Minghe.